



County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
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<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

December 3, 2008

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to be "W. T. Fujioka", is written over the printed name and title.

SACRAMENTO UPDATE

Proposition 58 Extraordinary Session and Second Extraordinary Session to Address the State Economy

On December 1, 2008, Governor Arnold Schwarzenegger declared a fiscal emergency for the State of California, allowing him to call a Proposition 58 extraordinary session of the Legislature to address the emergency. Under Proposition 58 the Legislature has 45 days to pass and send legislation to the Governor addressing the State's budget crisis. If the Legislature fails to act to address the problem within those 45 days, they cannot adjourn or act on other bills until the State's fiscal emergency is resolved. The Governor also called a second extraordinary session to address the State's economy, reiterating his intention to seek a combination of spending cuts and new revenues to solve the State's revenue shortfall, as well as plans to stimulate job creation, address the mortgage crisis and fix the Unemployment Insurance Fund.

The current fiscal year budget shortfall is projected to be \$11.2 billion. Without legislative action to address the shortfall, the Legislative Analyst's Office estimates that the budget deficit will grow to \$28 billion over the next 18 months. The Governor indicated that the Legislature's failure to enact his November Stimulus Plan has deepened the shortfall. He cautioned that the State would be out of cash by the end of February or the beginning of March, 2009, and unable to make payments to vendors or to schools. Copies of the Governor's proclamations declaring a fiscal emergency and calling the two extraordinary sessions are attached.

"To Enrich Lives Through Effective And Caring Service"

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Intra-County Correspondence Sent Electronically Only**

New Legislative Session

On December 1, 2008, Senator Darrell Steinberg was sworn in as the Senate's President pro Tempore. He indicated he would focus the Senate's efforts on changing the Budget process, demonstrating early legislative successes, reforming education and stimulating the economy. Senator Steinberg intends to complete the FY 2009-10 State Budget by May 15, 2009, and to use the Governor's May Revision to fine tune revenue projections for the enacted Budget. His goal is to enact major legislation within the next 120 days to accomplish health care coverage for all children, to enact a water infrastructure bond, and to address the need for renewable energy. He also intends to work to address public infrastructure and to expand "green jobs," including building an environmentally friendly automotive industry in California.

Senator Dean Florez is the Majority Leader and Senator Jenny Oropesa the Democratic Caucus Chair. Senator Dave Cogdill remains the Senate's Republican Leader, Senator George Runner is Chairman for the Republican Caucus, and Senator Tom Harmon the Minority Whip.

On December 1, 2008, Speaker Karen Bass organized the Assembly and indicated that the Legislative leaders have agreed to hold an extraordinary legislative session to obtain a briefing on the State's fiscal condition from State Treasurer Bill Lockyer and State Controller John Chiang, but no date has been set. Speaker Bass told her Assembly colleagues that the Legislature needs to resolve these economic problems quickly. She adjourned the House on Call of the Speaker, but expects a Floor Session to be called within the next two weeks.

Assembly Member Lori Saldana was appointed by the Speaker to be the Speaker pro Tempore. Assembly Member Alberto Torrico remains Majority Floor Leader and Assembly Member Michael Villines remains Republican Leader. Other Assembly officers have not been announced by the Speaker's office.

We will continue to keep you advised.

WTF:GK
MAL:MS:lm

Attachment

c: All Department Heads
Legislative Strategist
Local 721
Coalition of County Unions
California Contract Cities Association
Independent Cities Association
League of California Cities



Office of the Governor

ARNOLD SCHWARZENEGGER
THE PEOPLE'S GOVERNOR

PROCLAMATION

12/01/2008

Fiscal Emergency Proclamation 12/01/2008

PROCLAMATION

by the

Governor of the State of California

WHEREAS, due to developments in the worldwide and national financial markets, and continuing weak performance in the California economy, it is estimated that there will be a General Fund revenue shortfall of at least \$11.2 billion for the 2008-09 fiscal year. Additionally, the weakening economy will increase the expenditures for health and social services beyond what is provided for in the Budget Act.; and

WHEREAS on November 6, 2008, due to concerns regarding dramatically declining revenues, I issued a Special Session Proclamation and convened the Legislature of the State of California to meet in extraordinary session to address the fiscal crisis that California faces; and

WHEREAS the Legislature failed during that Special Session to enact any bills to address the State's significant economic problems; and

WHEREAS immediate and comprehensive action is needed to address the revenue shortfall facing the State of California; and

WHEREAS within months the State will not be able to meet all of its expenses, outside of debt service, without immediate and comprehensive action; and

WHEREAS failure to substantially reduce the deficit carried forward from the current fiscal year into the next fiscal year will likely prevent the State from being able to finance the cashflow shortages of billions of dollars that will occur in July and August, thus making it likely that this fiscal year's deficit will cause the State to miss payroll and school payments at the beginning of 2009; and

WHEREAS, according to the Legislative Analyst, next fiscal year's budget will be even more out of balance than the current year budget and balancing the 2009/2010 budget will be immeasurably more difficult if actions to reduce spending trends and increase revenue trends are not put into place immediately,

NOW, THEREFORE, I, ARNOLD SCHWARZENEGGER, Governor of the State of California, in accordance with Section 10(f) of Article IV of the Constitution of the State of California, **HEREBY DETERMINE** that General Fund revenues for Fiscal Year 2008-09 will decline substantially below the estimate of General Fund revenues upon which the 2008 Budget Act was based.

I, ARNOLD SCHWARZENEGGER, Governor of the State of California, **HEREBY DECLARE** that a fiscal emergency exists.

I, ARNOLD SCHWARZENEGGER, Governor of the State of California, **HEREBY IDENTIFY THE NATURE OF THIS FISCAL EMERGENCY** to be the projected budget imbalance and insufficient cash reserves for Fiscal Year 2008-09 and the projected insufficient cash reserves and potential budgetary and cash deficit in Fiscal Year 2009-10 which are anticipated to result from the dramatically lower than estimated General Fund revenues in Fiscal Year 2008-09.

FURTHER, on this day, as required by Section 10(f) of Article IV of the Constitution of the State of California, I will cause the Legislature to assemble in special session to address this fiscal emergency, and I will submit to the Legislature proposed legislation to address this fiscal emergency.



IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 1st day of December, 2008.

ARNOLD SCHWARZENEGGER
Governor of California

ATTEST:
DEBRA BOWEN
Secretary of State



Office of the Governor

ARNOLD SCHWARZENEGGER
THE PEOPLE'S GOVERNOR

PROCLAMATION

12/01/2008

Prop 58 Special Session Proclamation 12/01/2008

PROCLAMATION

by the
Governor of the State of California

WHEREAS on this date, pursuant to Section 10(f) of Article IV of the Constitution of the State of California, I have proclaimed a fiscal emergency; and

WHEREAS on this date, I am submitting to the Legislature proposed legislation to address that fiscal emergency; and

WHEREAS this extraordinary occasion having arisen and now existing, it requires that the Legislature of the State of California be convened in extraordinary session.

NOW, THEREFORE, I, ARNOLD SCHWARZENEGGER, Governor of the State of California, by virtue of the power and authority vested in me by in accordance with Section 10(f) of Article IV of the Constitution of the State of California, do hereby convene the Legislature of the State of California to meet in extraordinary session at Sacramento, California on the 1st day of December 2008, at a time to be determined, to consider and act upon legislation to address the fiscal emergency proclaimed by me this day.



IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the state of California to be affixed this 1st day of December, 2008.

ARNOLD SCHWARZENEGGER
Governor of California

ATTEST:
DEBRA BOWEN
Secretary of State



Office of the Governor

ARNOLD SCHWARZENEGGER
THE PEOPLE'S GOVERNOR

PROCLAMATION

12/01/2008

Special Session Proclamation 12/01/2008

PROCLAMATION

by the
Governor of the State of California

WHEREAS, an extraordinary occasion has arisen and now exists requiring that the Legislature of the State of California be convened in extraordinary session.

NOW, THEREFORE, I, ARNOLD SCHWARZENEGGER, Governor of the State of California, by virtue of the power and authority vested in me by Section 3(b) Article IV of the Constitution of the State of California, do hereby convene the Legislature of the State of California to meet in extraordinary session at Sacramento, California on the 1st day of December 2008, at a time to be determined, for the following purpose and to legislate upon the following subjects:

1. To consider and act upon legislation to address the economy, including but not limited to efforts to stimulate California's economy, create and retain jobs, and streamline the operations of state and local governments.
2. To consider and act upon legislation to address the housing mortgage crisis.
3. To consider and act upon legislation to address the solvency of the Unemployment Insurance Fund.



IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be affixed 1st day of December, 2008.

ARNOLD SCHWARZENEGGER
Governor of California

ATTEST:
DEBRA BOWEN
Secretary of State